

# TODILTO

## EXPLORATION AND DEVELOPMENT CORPORATION

G. WARNOCK  
PRESIDENT

H.B. (CHICK) WARNOCK  
SENIOR VICE PRESIDENT

V. MONDRAGON  
VICE PRESIDENT/CONTROLLER

May 24, 1985

Mr. Clayton R. Nichols  
Contracting Officer  
Department of Energy  
P.O. Box 2567  
Grand Junction, CO 81502

RE: DOE Lease Tract At (05-1)OML-60.8-NM-B-1

Dear Mr. Nichols:

Further to our previous correspondence on the above lease, we again request relief from the \$10,000 annual advance royalty due June 12, 1985. In reviewing this request, we need to point out that the surface of the property has already been reclaimed and reseeded per our letter of October 11, 1984, addressed to Mr. Grandbouche.

We also need to advise you that we are in the process of returning the surrounding BIA leases to BIA and will not be doing work commitments on them this year. This is because of our inability to sustain the cost on the surrounding leases in view of our exploration results to date, which have been essentially negative.

Per our letter of June 2, 1983, there remains approximately 100,000 pounds of uranium reserves in the underground workings. Secondly, it is my understanding that if Todilto abandons the leases, the existing BIA land use permit will be forfeited. In view of this, we are again requesting relief from the advance royalty to allow us to hold onto these specific reserves against the possibility of them being minable in the future and to protect the continuation of the BIA land use permit.

Sincerely,



G. Warnock

GW:bm